

SENATE BILL 104

In 2001, the legislature passed an act allowing persons not licensed as certified public accountants (CPAs) to have a minority ownership interest in accounting partnerships or corporations. This provision is found at 37-50-330. Based on this change in the law, a number of CPA firms have granted minority ownership interest to persons that are not CPAs.

Unfortunately, the 2001 act did not amend the Montana Professional Corporation Act. This act includes a provision, 35-4-301, that limits shareholders in a professional corporation to members of that profession. In other words, 35-4-301 could be interpreted to limit ownership in CPA firms to only CPAs.

The Montana Society of CPAs supports SB 104 because it eliminates the confusion in the law and clarifies that a non-CPA may have a minority ownership interest in a CPA firm. The language on page 1, line 11 adds an exception to the Montana Professional Corporation Act. By referring to the statute governing CPAs, SB 104 only affects CPA firms and does not change the Montana Professional Corporation Act for any other profession.

Please support SB 104.

Testimony for SB 104

Senate Business, Labor and Economic Affairs

January 23, 2013

Chairman Sonju, members of the committee, for the record my name is John Steinhoff. I'm a CPA and a shareholder with JCCS in our Helena branch. I'm here today on behalf of my firm to support SB 104.

As you are aware, this bill clarifies language in existing legislation passed in 2001 regarding ownership in a professional corporation. This bill simply refers to MT Code section 37-50-330 which discusses ownership in a CPA firm by a non-licensed CPA. There are instances where an individual could be an owner but not a licensed CPA. For example, an individual may be an Enrolled Agent, which is an IRS designation that allows the individual to practice in front of the IRS on behalf of their clients. You would also have a situation where an individual has an accounting degree and accounting background, but is not a licensed CPA, meaning they have not taken the CPA exam. These individuals, based on their background and experience, are highly qualified to become owners of a firm, but are not licensed CPAs.

We feel this bill would clarify the 2001 legislation and tie it back to Code Section 37-50-330 which addresses the issue of a non-licensed CPA owner in a professional public accounting firm.

I appreciate the opportunity to speak on behalf of my firm on this issue and thank you for your time.

449-2947